AFI 63-124

PERFORMANCE BASED SERVICE CONTRACTS

HQ
AFSPC

HQ AFSPC Training Team

- **<u>Contracting</u>**
  - Barbara Bumby, Mary Gorman, Terry Schooley, Maj Laureli Mazik, Suzanne Snyder
- **<u>Logistics</u>** (Supply, Transportation, Maintenance)
  - Fletcher Lantz, Marvin Gielen, Terry Reed, Lt Col David Wright
- **<u>Communications</u>**
  - TSgt Matthew Syvertson
- **<u>Civil Engineering</u>**
  - William Welborn
- **<u>Program Management</u>**
  - Steve Alsup
- **<u>Quality</u>**
  - Ron Hoskinson, 21 CONS/LGCQ

Training Outline

- **Overview Brief on AFI 63-124**

- **Four Training Blocks**
  - Team Structure/Open Communication
  - Market Research
  - Performance Based Contracting
  - Performance Management (Quality Assurance)

Contents

- **Why the Change**
- **AFI 63-124 Facts**
- **AFI 63-124 Philosophy**
- **Performance-Based Requirements**
- **Market Research**
- **What Has Been Eliminated**
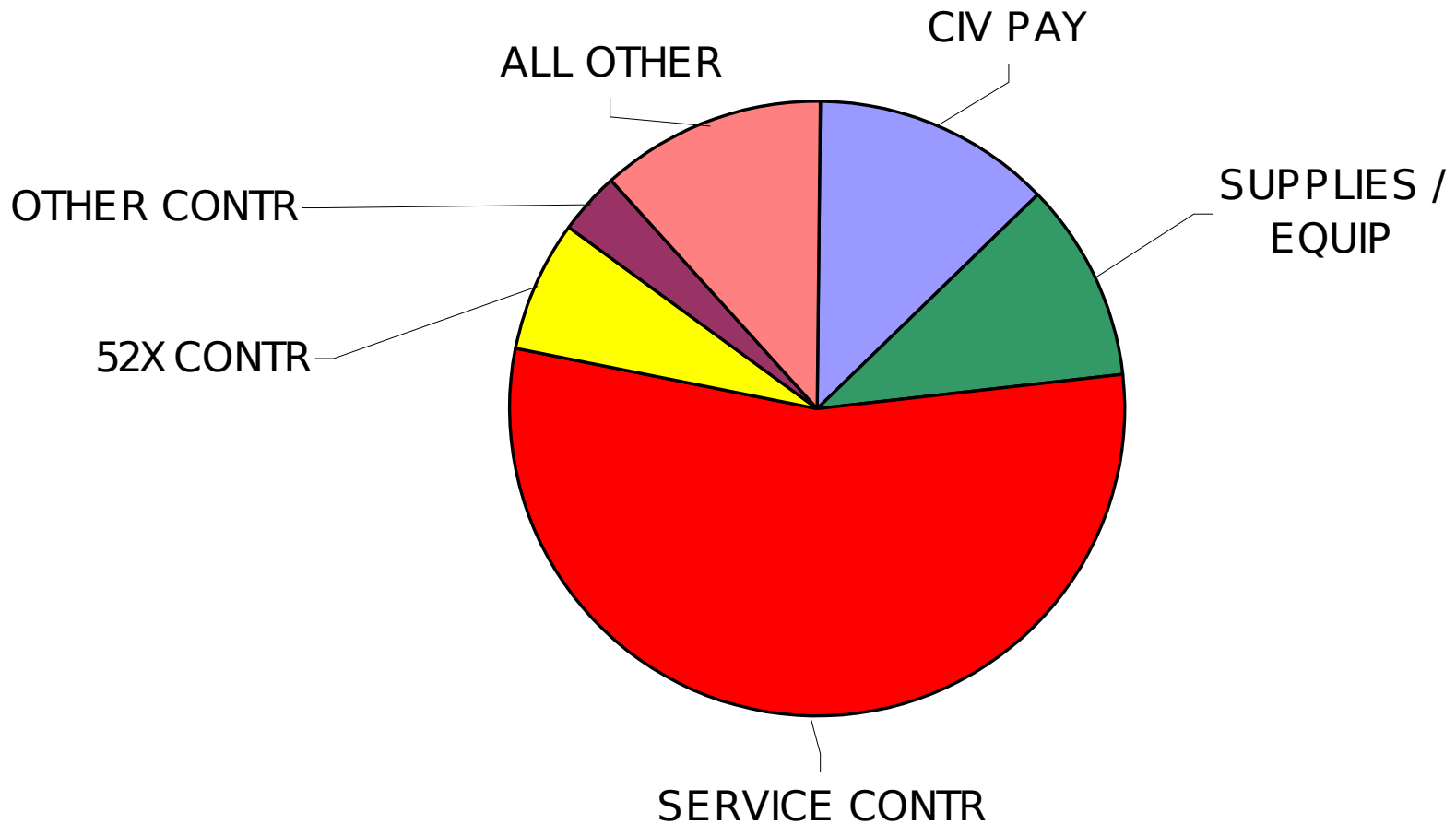- **What Has Been Added**
- **Way Ahead**

Why Change

More Contracts / Fewer People

- **60% of AFSPC budget is spent on service contracts**

- **FY98/$1.071B out of $1.783B**

AFSPC FY98 FUNDING

Why Change

Implement Acquisition Reform Principles

- Commercial Practices

- Better Business Processes

What We Want Our Reputation To Be
From a Wing Commander's Perspective

FROM

Rigid

Bureaucratic

Lowest Bid

Independent

TO

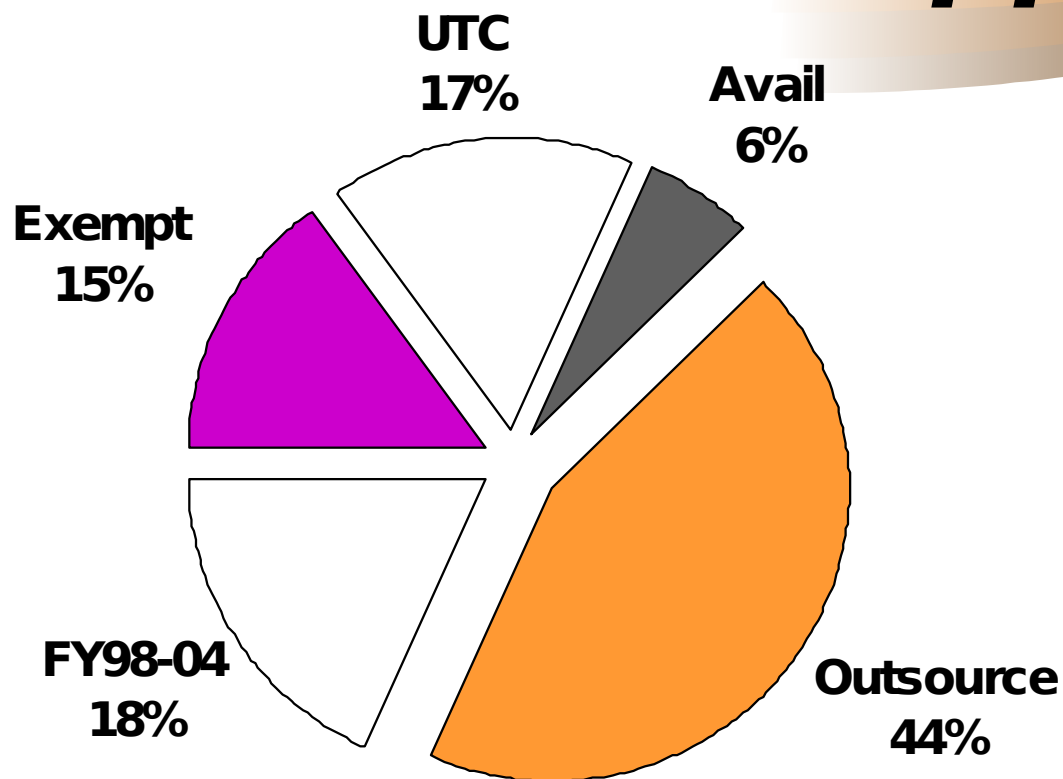Flexible

Customer Driv

Best Value

Teaming
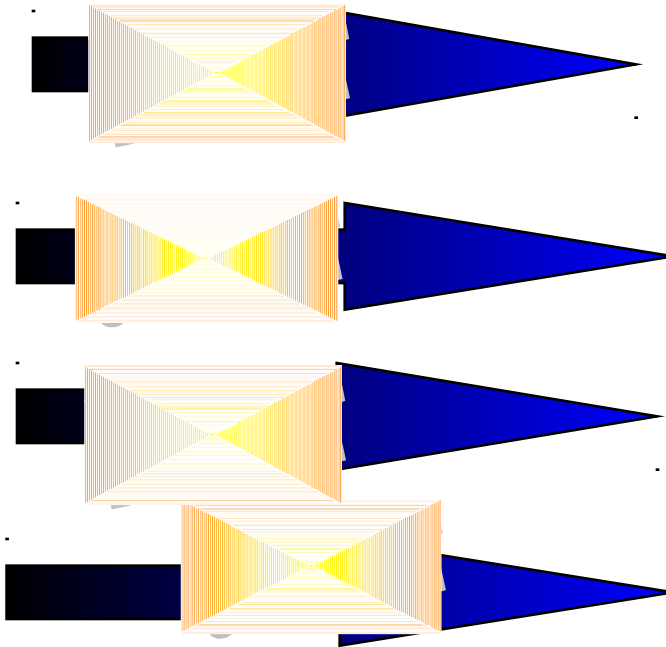
Why Change

- QAE Program Concerns
  - Too Expensive - $25M   "Can not afford oversight"
  - Currently have approximately 500 QAEs in AFSPC
  - Untimely Training

- Continual Cuts in Manpower and Funding

- Outsourcing Reduces Staff and Increases Contract Impact on Mission

AFSPC Base Operating Support

UTC
17%

Avail
6%

Exempt
15%

FY98-04
18%

Outsource
44%

Why Change

- **Outsourcing Impacts:**

    - **FY98 Studies (21 studies- 1330 Auths) - Completed**

    - **FY99 studies (8 studies-105 Auths) - In Progress**

    - **FY00-02 studies (12 studies-1043 Auths) - Started**

    - **FY03-04 candidates (5 studies-173 auths) - Programmed**

Results

- **Implement New AFI for Service Contracts**
- **Improve the Service Contract Process and Products**
- **Build Functional Partnership**
- **Save Resources**

AFI 63-124 Facts

- **Replaces AFM 64-108, "Service Contracts"**
- **Replaces AFI 63-504, "Quality Assurance Evaluator Program"**
- **Applies to <u>All</u> Service Contracts Over $100,000 Annually**
- **Effective Date, 1 APRIL 1999**
  - **www.bsx.org**
- **SAF/AQC POC: Maj Brian Bellacicco**

Philosophy of AFI 63-124

- **Provides Flexibility**
- **Promotes Acquisition Reform Principles**
- **Emphasizes Performance Based Contracting**
- **Encourages Commercial Practices**
- **Promotes Team Approach**
- **Applies to Acquisition Life-Cycle**
- **Promotes Business Process Improvements**

Applies to the Whole Acquisition ...

Strategic Sourcing / Market Research

Refine Wing Business Strategy

Continuous Business Process

Implement Performance Management Techniques

Incorporate Into Acquisition Strate...

Requires Performance Based SOW

- **Requirements are outcome based**

- **Requirements are Measurable**

- **Contractor empowered to use best commercial practices and management innovation**

From Specifying "How To"

To "Performance Bas

C o n t i n u u m

Stresses Requirement for Market Research

- **Determine if requirement is a commercial item/services**

- **Identify standard commercial practices**
  - **Requirements Definition**
  - **Terms and conditions**
  - **Warranties**
  - **Contract format/structure**
  - **Performance incentives**
  - **Solicitation and evaluation methods**
  - **Quality Assurance / Insight**

Quality Assurance Shift from Oversight to Insight

- New Emphasis on Insight and Partnering with Contractor

- Quality Assurance Built Into Program From Beginning
  - Outcome-based performance standards

- Relying on contractor's quality control program
  - Use contractor's generated metrics to determine if performance standards are met

- Eliminate government QAEs duplicating the contractors quality control program

- Limit inspections to validating the contractor metrics

From "Oversight" C o n t i n u u m To "Insight"

Eliminated in 63-124 (was in 64-108)

- **40 Pages of Mandatory Language**

- **Emphasis on Monetary Deductions**
  - **Adversarial Relationship With The Contractor**

- **100% Inspection/Random Sampling Preference**
  - **Oversight Mindset**

Added to 63-124

- **Emphasis on Acquisition Team Approach**
  - Performance Management Council
  - Installation Business Advisor
  - Functional Director or Functional Commander
  - Business Requirement and Advisory Group (BRAG)
  - Performance Management Office

Added to 63-124

- **New Terminology**

  PWS $\longrightarrow$ SOW (includes PWS, Work Statement, SON, SOO, TRD)

  FAC $\longrightarrow$ Functional Director or Commander (FD/FC)

  QAE $\longrightarrow$ QA Personnel (QAE and QAS)

  PRS Service Delivery Summary (SDS)

On-Line Tools

- **SAF / AQC Contracting Toolkit**
  - **Instructions and Guidance**
  - **Current Tools in Use**
  - **Samples**
  - **Approval Required for Posting Data**
  - **BRAGs should Utilize and Contribute Best Practices**

    http://www.safaq.hq.af.mil/contracting/

On-Line Tools

- **Business Solution Exchange** (Test Phase)
  - **Knowledge Warehouse**
  - **Lessons Learned/Best Practices**
  - **Group-ware Capability**
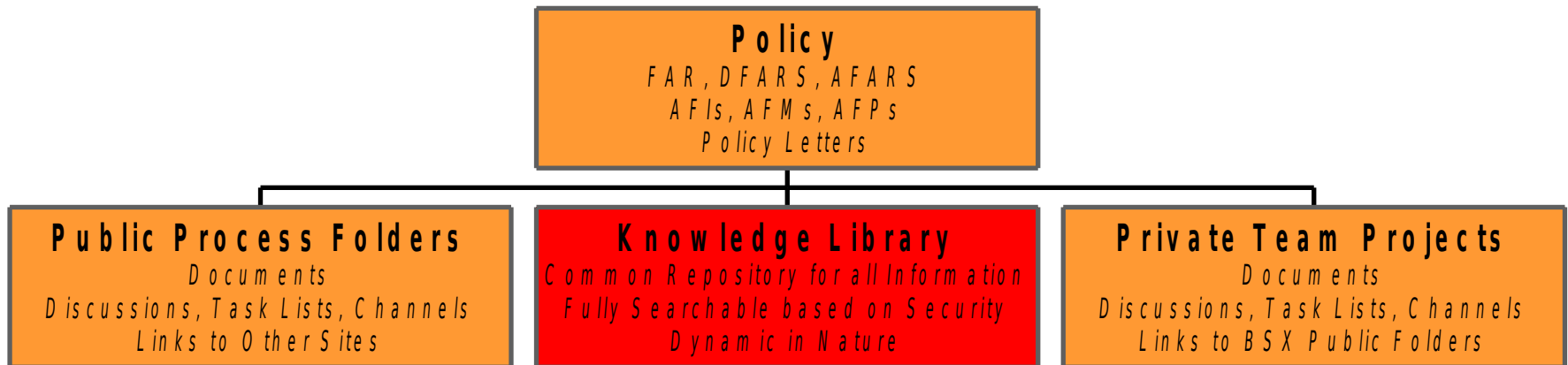
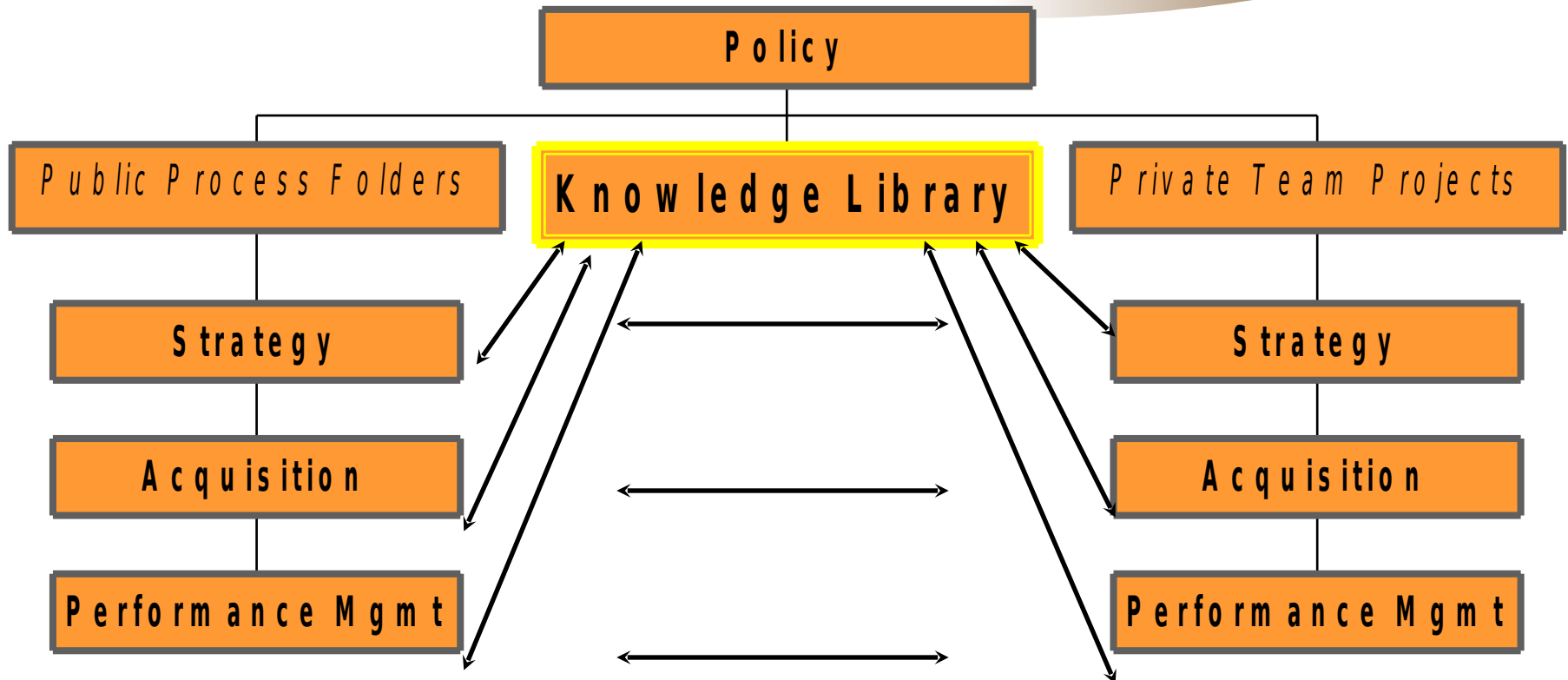**http://www.bsx.org**

What is BSX?

- An interactive system that brings policy, process, and people together to produce business solutions
  - **Policy**: The common "canvas" we want our people to work together on
  - **Process**: The many "paints, brushes, and techniques" an artist can use
  - **People**: "Artists" that creatively apply policy and process to produce business solutions

Policy, Process, and People at Work

Policy
FAR, DFARS, AFARS
AFIs, AFMs, AFPs
Policy Letters

Public Process Folders
Documents
Discussions, Task Lists, Channels
Links to Other Sites

Knowledge Library
Common Repository for all Information
Fully Searchable based on Security
Dynamic in Nature

Private Team Projects
Documents
Discussions, Task Lists, Channels
Links to BSX Public Folders

The Goal: Ongoing Refreshment

Policy

Public Process Folders   **Knowledge Library**   **Private Team Projects**

Strategy   **Strategy**

Acquisition   **Acquisition**

Performance Mgmt   **Performance Mgmt**

Way Ahead

- **Leadership, Functional and Contracting Partnership Required**
  - Provide resources commensurate with requirement
  - Up-front research and planning for acquisitions
  - Ensure continuity and teamwork for maximum payoff
  - Continuous communication and improvement
  - Cross-functional perspective can save $$$